

**GREATER TACOMA REGIONAL CONVENTION
CENTER PUBLIC FACILITIES DISTRICT**

Hybrid Meeting of Directors – January 19, 2023

Directors Present: Dean Burke (Tacoma), Jani Hitchen (Pierce County), Andrea Reay (Tacoma), Kevin Briske (University Place), Linda Smith (Lakewood)

Staff Present: Adam Cook, TVE Director, Diane Hager, TVE Business Services Manager, Donlisa Scott, TVE Office Manager, Chelene Potvin-Bird, Travel Tacoma VP of Sales

Director Absent: Colleen Barta (Tacoma)

Guest Present: Doug Fagundes (Fife)

Chair Burke called the meeting to order at 7:46 a.m.

The meeting was started with a land acknowledgement:

Ṗuk'wədiitəb Ṗuhig'wətəb čəł tx'wəl tiit Ṗa čəł Ṗal tə swatx'wix'wtx'wəd Ṗə tiit puyaləpabš dx'wəstəłlils g'wəl Ṗutx'wəlšucidəbs həlg'wəʔ.

"We gratefully acknowledge that we rest on the traditional lands of the Puyallup People where they make their home and speak the Lushootseed language."

Public Comment on Action Items

There was no public comment.

Approval of Minutes from October 27, 2022

Jani Hitchens motioned to approve the minutes. They were seconded by Andrea Reay. The minutes were approved.

Election of Officers

Secretary/Treasurer – Lisa McClellan previously served in this position. She has relocated to another city and has stepped down from the Fife City Council. Chair Burke asked if there were any nominations. Jani Hitchen motioned for Andrea Reay to serve in this position. It was seconded by Linda Smith. The motion passed unanimously.

Chair – Dean Burke currently serves in this position. Chair Burke asked if there were any other nominations. Seeing no other nominations for the position, a motion was put forward by Jani Hitchen for Dean to continue in this position. It was seconded by Linda Smith. The motion passed unanimously.

Resolution 20230001

A resolution changing the time of the meeting to 8:30 am – 10:00 am effective April 20, 2023. Andrea motioned to approve the Resolution. The motion was seconded by Jani and the motion passed unanimously.

Financial Update

TVE Director, Adam Cook, presented the 4th Quarter 2022 financial update.

Total revenue was under budget by \$400,000 which is almost entirely related to event income and the reduced events that occurred at the start of the year. Our expenses came in under budget by \$1.35M, \$900,000 of which is due to a delayed capital project which has been completed and paid. Our finance team is working to determine where that expense was accrued. We anticipate that once that is corrected, expenses will be under budget by \$400,000, which will close the year with a break-even net revenue which would remain slightly ahead of budget. PFD Funding sources are ahead of budget by almost \$2.6M. Hotel/Motel tax collection and sales tax collections remain strong, and our debt service remains on budget. Sales tax collection remains particularly strong at an average of 111% above our 2021 monthly collection and approximately 107% above our 2022 monthly collections.

The Capital Fund cash balance increased \$215,000 which was comprised of the last of the amortized transfer (\$250k) from the Sales Tax fund for the combined total of \$1M authorized by the Board in 2022, less \$35,000 in capital expenses for ongoing projects. The Debt Service Cash balance decreased by \$3.1M due to our December debt payments. The Operating Fund cash balance decreased slightly but is still incredibly strong at over \$3M in operating cash. The Reserve Fund cash balance had no change and is static at the required \$500,000. The cash balance of the tourism account (Hotel/Motel tax) is up \$355,000 on strong collections, and the cash balance of the PFD account (Sales Tax) continues to grow at \$169,000. Even though we transferred \$1M in capital funding out of the PFD's account in 2022, it is still incredibly strong at \$3.6M. The tourism accounts total cash balance is \$3.7M. Debt Balance decreased

\$5.5M with our payouts of \$3.5M in principal and \$2M in interest. The combined total for all remaining debt on the building is \$56M and our bond ratings remain strong.

2022 saw a strong return of events to GTCC, especially in the back half of the year and fourth quarter. We are still rebuilding some market segments but expect to return to a full event schedule by late 2023 or early 2024. The total event driven Economic Impact is far surpassing the last two years, but we are still behind our average impact prior to the pandemic. In 2018 our average economic impact per event was \$49,000. In 2019 that dropped to \$40,000 per event due to limited activity by larger conferences while the hotel was under construction. In 2020 and 2021 Economic Impact per event dropped to \$32,000 and \$25,000 respectively as our business shifted during the pandemic towards the more local short-term events that doesn't drive as much impact to the region. For 2022 our average is back up to almost \$40,000 per event. In terms of market segments, sports & competition events were incredibly strong both at GTCC and in the region. Conferences and conventions were stable with 101 events, although they were smaller than our traditional business.

Director's Report

Adam asked Chelene Potvin-Byrd to share an update on booking/sales for GTCC. Several events that were postponed in 2021 and early 2022 are now rescheduled in 2023. We are ahead of pace on total future committed room nights with 22,000 that are definite and an anticipated finish around 25,000 nights. Anticipated Economic impact is currently \$14M and 2023 is looking great. We have seen a shift in booking timelines for some organizations and companies. They are now confirming one-two years out and aren't making any long-term commitments. This makes the 2024-2025 calendars appear soft, but we don't anticipate a problem. The shift in timelines has caused the sales team to shift their marketing strategy, and they now have two plans running simultaneously. They are advertising for shorter term events to continue to book into 2023 and then working to attract and draw larger conferences and conventions into 2024 – 2026.

The sales team continues to make touch points to introduce Tacoma as a destination for events but has seen a shift in our market competition. In addition to Bellevue and Seattle, Spokane is back in the mix with smaller events which makes it a bit challenging. We're also seeing new competition from Scottsdale and Phoenix but are making sure that we understand the offerings of those destinations so we can sell against those properly.

Adam shared that TVE has been on a hiring push to get fully staffed and has recently hired staff for the marketing, business services, and event management teams. The Operations division was restructured a bit and had some internal promotions. There are a few more open positions in that division, and there is a Senior Event Manager position that will be reposted.

The capital projects which were the drivers for transferring funds over the course of 2022 continue to go forward. The security camera replacement is in progress and will be completed over the next month or two. We have installed a new gated fence on the 2nd floor garage entry that can be closed at night and hopefully alleviate some of the security challenges we've experienced. We are also in the process of upgrading our 5th floor loading dock gate to a motorized gate. That will happen over the next quarter. We are purchasing new furniture and have a final quote from the company under review.

New Business

Jani shared that Pierce County has been tracking Senate Bill 5001 that refers to public facilities on districts. The description reads "concerning public facility districts created by at least two city or county legislative authority." They don't think it impacts the PFD in any way however, they are keeping an eye on it. Adam will contact the City's governmental liaison and provide everyone a copy of the bill.

Addendum: Adam reviewed the bill, and it has no impact on this PFD.

Adam shared that there is a second Senate bill that addresses a leasehold excise tax which does impact both the Dome and the Convention Center. There are competing Senate and House Bills which will primarily impact Climate Pledge Arena. The intent is to bring them into the group of venues that benefit from leasehold excise tax exemptions. The only impact to us would be that the Senate Bill, not the House Bill has additional reporting requirements which would become a bit onerous for most of our facilities. We are providing feedback on both bills through our legislative team in Olympia.

Addendum: The Senate Bill did not make it out of Committee. The House Bill did advance, and TVE has taken a neutral position on the bill.

There being no further business the meeting adjourned at 8:15 a.m.

The next regularly scheduled meeting of the board is **April 20, 2023, at 8:30 AM**

Recorded by Donlisa Scott